

HARGROVE, SMELLEY & STRICKLAND

JOSEPH L. HARGROVE, JR.
DAVID L. SMELLEY
PAUL A. STRICKLAND
GLENN L. LANGLEY
JASON C. FALUDI

OF COUNSEL
WILLIAM G. CONLY

(A PROFESSIONAL LAW CORPORATION)
AMERICAN TOWER, SUITE 600
401 MARKET STREET
SHREVEPORT, LOUISIANA 71101-3239

THOMAS J. WYATT (1942-1996)

MAILING ADDRESS
POST OFFICE BOX 59
SHREVEPORT, LOUISIANA 71161-0059
TELEPHONE (318) 429-7200
TELECOPIER (318) 429-7201

August 2, 2004

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Hosston Zone, Reservoir A, and Cotton Valley
Formation, Reservoir A, ELM GROVE FIELD,
Caddo Parish, Louisiana.

Dear Sir:

SUNLAND PRODUCTION COMPANY, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Hosston Zone, Reservoir A, and to the Cotton Valley Formation, Reservoir A, in the Elm Grove Field, Caddo Parish, Louisiana:

1. To permit Applicant to drill, designate and utilize an alternate unit well for HOSS RA SU100 and for CV RA SU87 at the location shown on the attached plats, in exception to the well location provisions of Office of Conservation Order No. 361-A-1, effective October 1, 1972 (applicable to the Hosston Zone, Reservoir A), and Office of Conservation Order No. 361-B, effective October 1, 1973 (applicable to the Cotton Valley Formation, Reservoir A).
2. To find that the proposed alternate unit well is necessary to efficiently and economically drain a portion of the Hosston Zone, Reservoir A, underlying HOSS RA SU100, and a portion of the Cotton Valley Formation, Reservoir A, underlying CV RA SU87, which cannot be efficiently and economically drained by any existing well on these units.
3. To discuss such other matters as may be pertinent to this application.

The Hosston Zone, Reservoir A, in the Elm Grove Field, Caddo, Webster and Bossier Parishes, Louisiana, was defined in Office of Conservation Order No. 361-A-1, effective October 1, 1972, and was further defined in subsequent Orders of the 361-A series of Orders.

The Cotton Valley Formation, Reservoir A, in the Elm Grove Field, Caddo, Webster and Bossier Parishes, Louisiana, was defined in Office of Conservation Order No. 361-B, effective October 1, 1973, and was further defined in subsequent Orders of the 361-B series of Orders.

Honorable James H. Welsh
August 2, 2004
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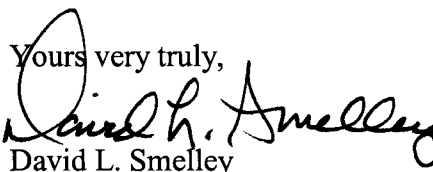
Pertinent data concerning this application is available for inspection at the offices of Sunland Production Company, Inc., 416 Travis Street, Suite 1404, Shreveport, Louisiana 71101. Any person wishing to inspect such data should call Mr. Don Easterwood at (318) 222-3538 during normal business hours in order to arrange a date and time for such inspection. A copy of any such data which is not otherwise available at the Office of Conservation can be obtained from Applicant at the expense of the requesting party.

As provided by the Revised Rules of Procedure, the subject matter of this application does not require the issuance of a pre-application notice; therefore, no such notice has been issued.

Pursuant to the aforesaid Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of this letter, and of both of the two (2) attached plats, is being sent to the District Manager of the Shreveport District of the Office of Conservation and to the Interested Owners, Represented Parties and Interested Parties, as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing and the enclosed plats at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Elm Grove Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, we enclose a check payable to the Commissioner of Conservation for the application fee.

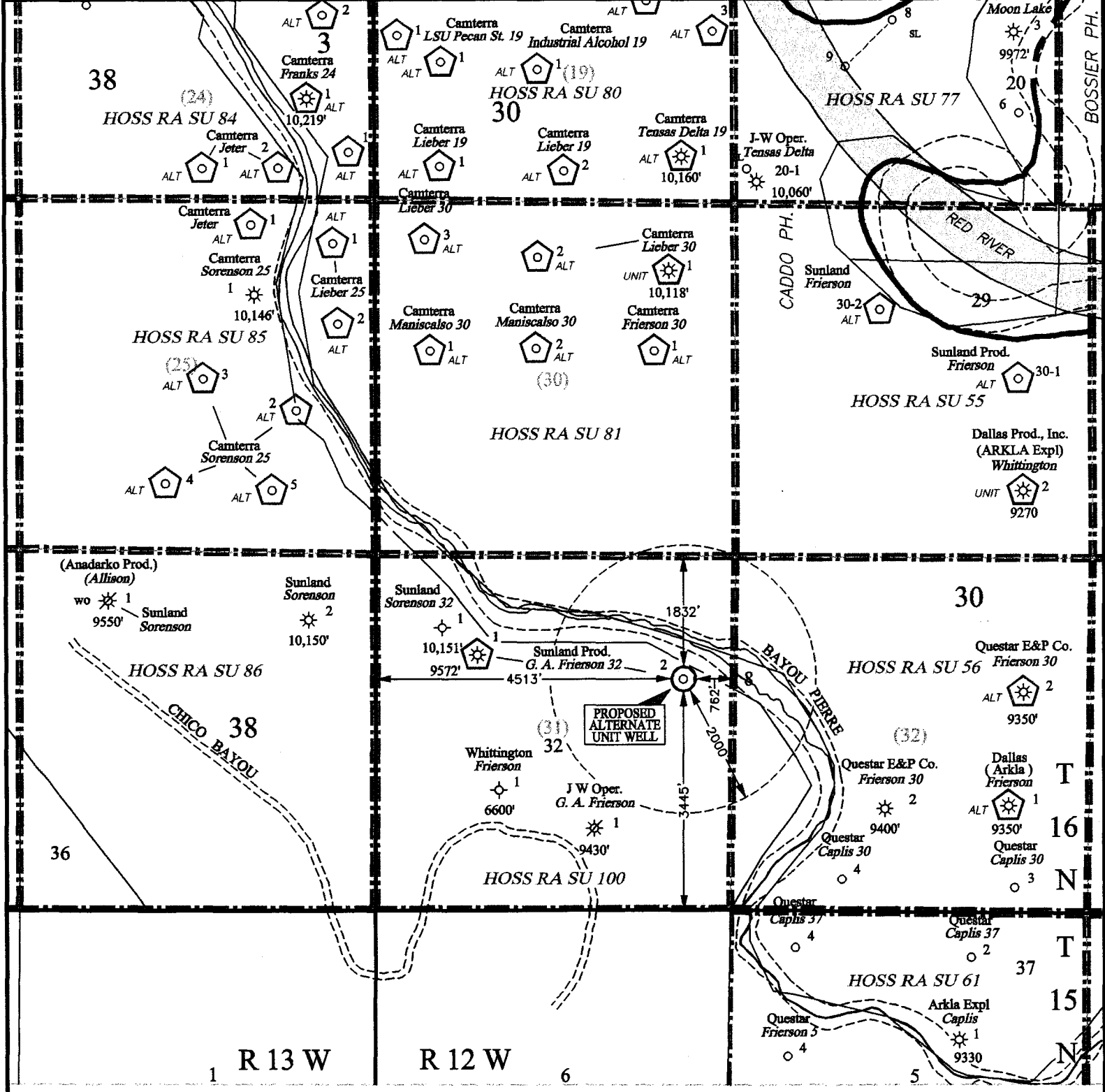
Yours very truly,

David L. Smelley

-- Attorney for Sunland Production Company, Inc.

DLS:dp

Enclosures

cc: Mr. Jim Broussard (w/encls.)
Mr. Don Easterwood (w/encls.)
Mr. Joe B. Adams (w/encls.)
Interested Owners, Represented
Parties and Interested Parties (w/plats only)



SUNLAND PRODUCTION COMPANY, INC.
SHREVEPORT, LOUISIANA

ELM GROVE FIELD
CADDO PARISH, LOUISIANA

**PROPOSED ALTERNATE UNIT WELL AT EXCEPTIONAL LOCATION
HOSSTON RESERVOIR A SAND UNIT 100**

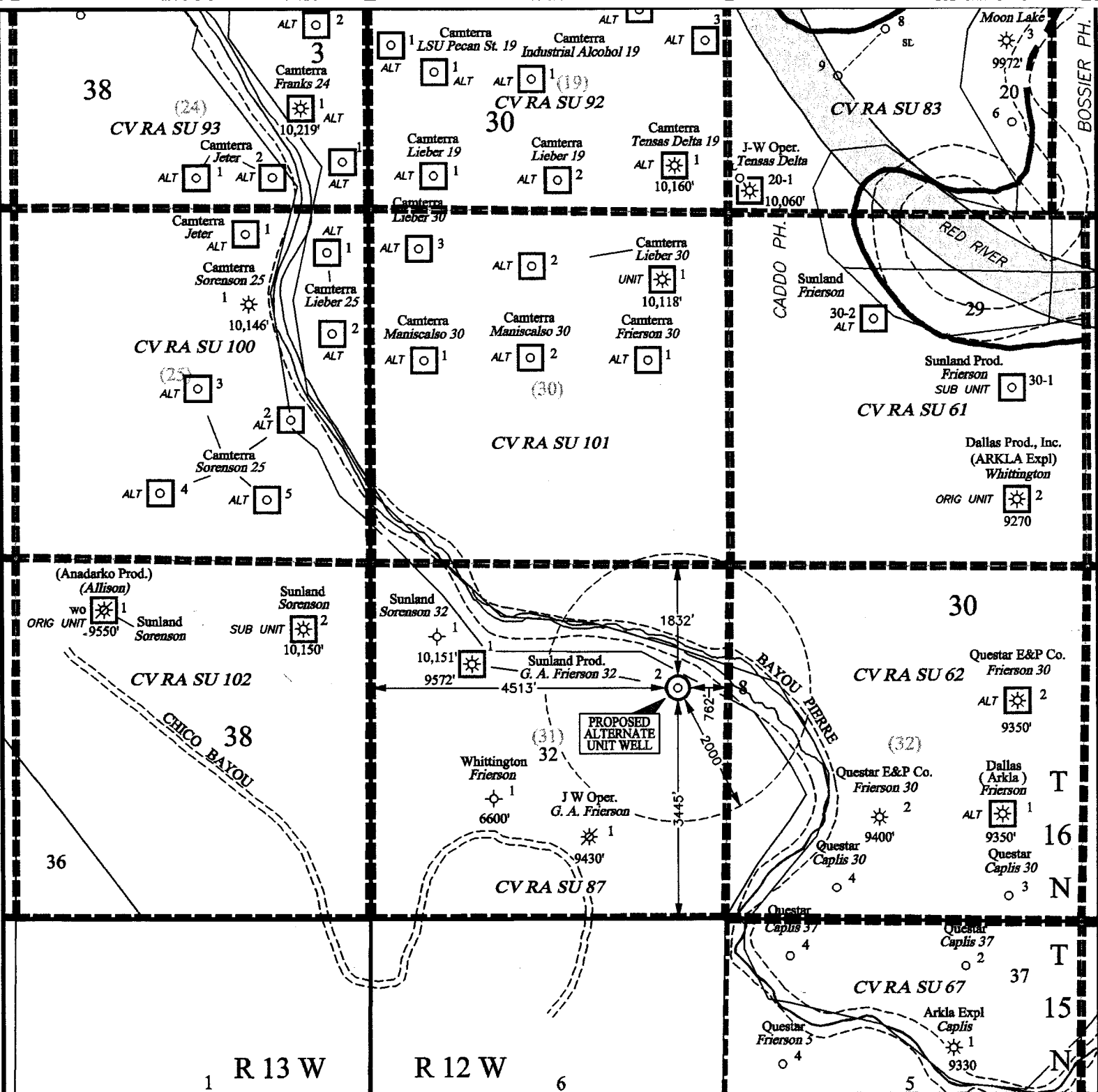
--- :EXISTING HOSSTON RESERVOIR A SAND UNITS

⊙ :PROPOSED ALTERNATE UNIT WELL

⬡ :EXISTING HOSSTON RESERVOIR A WELLS



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SUNLAND PRODUCTION COMPANY, INC.
SHREVEPORT, LOUISIANA

ELM GROVE FIELD
CADDO PARISH, LOUISIANA

PROPOSED ALTERNATE UNIT WELL AT EXCEPTIONAL LOCATION
COTTON VALLEY RESERVOIR A SAND UNIT 87

-----:EXISTING COTTON VALLEY RESERVOIR A SAND UNITS

⊙:PROPOSED ALTERNATE UNIT WELL □:EXISTING COTTON VALLEY RESERVOIR A WELLS



GRAPHIC SCALE

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